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FORM 10Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

(Mark One)

[X] Quarterly Report Pursuant to Section 12 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

PROCESSED BY
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For Quarter Ended March 31, 1992

Commission File Number 0-16572

AVONDALE INDUSTRIES, INC.

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Louisiana	39-1097012
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

P. O. Box 50280, New Orleans, Louisiana	70150
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 504/436-2121

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to file such filing requirements for the past 90 days. YES X NO _____.

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	Outstanding at March 31, 1992
Common stock, par value $1.00 per share	14,464,175 shares

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AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES

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Deloitte & Touche

Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone: (504) 581-2727
Facsimile: (504) 561-7293

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholders of
Avondale Industries, Inc.:

We have made a review of the condensed consolidated financial statements of Avondale Industries, Inc. and subsidiaries, as listed in the accompanying index, as of March 31, 1992 and for the three-month periods ended March 31, 1992 and 1991, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Avondale Industries, Inc. and subsidiaries as of December 31, 1991, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated April 17, 1992, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1991 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Deloitte + Touche

DELOITTE & TOUCHE

May 14, 1992

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	MARCH 31, 1992	DECEMBER 31, 1991
	(UNAUDITED)	
ASSETS (NOTES 3 AND 4)		
CURRENT ASSETS:		
CASH AND EQUIVALENTS	$11,257	$7,609
RECEIVABLES (NOTE 2):		
ACCOUNTS RECEIVABLE	30,471	27,949
CONTRACTS IN PROGRESS	153,629	143,730
INVENTORIES:		
GOODS HELD FOR RESALE	3,403	4,037
MATERIALS AND SUPPLIES	12,352	13,309
PREPAID EXPENSES	2,628	3,181
TOTAL CURRENT ASSETS	213,740	199,815
PROPERTY, PLANT AND EQUIPMENT:		
LAND	12,595	12,595
BUILDINGS AND IMPROVEMENTS	48,609	48,872
MACHINERY AND EQUIPMENT	179,221	178,541
TOTAL	240,425	240,008
LESS ACCUMULATED DEPRECIATION	(89,227)	(86,467)
PROPERTY, PLANT AND EQUIPMENT - NET	151,198	153,541
GOODWILL - NET	19,732	19,932
OTHER ASSETS	7,654	10,382
TOTAL	$392,324	$383,670

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	MARCH 31, 1992	DECEMBER 31, 199[illegible]
	(UNAUDITED)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
NOTES PAYABLE - BANKS (NOTE 3)	$9,627	$9,633
CURRENT PORTION OF LONG-TERM DEBT (NOTE 4)	1,776	2,238
ACCOUNTS PAYABLE	89,392	89,029
ACCRUED EMPLOYEE COMPENSATION	16,178	15,168
OTHER	14,055	11,454
TOTAL CURRENT LIABILITIES	131,028	127,522
NOTES PAYABLE - BANKS (NOTE 3)	64,048	56,894
LONG-TERM DEBT (NOTE 4)	52,570	53,115
OTHER LIABILITIES AND DEFERRED CREDITS	18,957	19,997
TOTAL LIABILITIES	266,603	257,528
COMMITMENTS AND CONTINGENCIES (NOTE 5)		
STOCKHOLDERS' EQUITY:		
COMMON STOCK, $1.00 PAR VALUE; AUTHORIZED - 30,000,000 SHARES; ISSUED - 15,927,191 SHARES IN 1992 AND 15,906,235 SHARES IN 1991	15,927	15,906
ADDITIONAL PAID-IN CAPITAL	373,911	373,849
ACCUMULATED DEFICIT	(252,261)	(265,618)
TOTAL	137,577	146,139
NOTE RECEIVABLE FROM ESOP	--	(8,141)
TREASURY STOCK (COMMON: 1,463,016 SHARES IN 1992 AND 1991) AT COST	(11,856)	(11,856)
TOTAL STOCKHOLDERS' EQUITY	125,721	126,142
TOTAL	$392,324	$383,670

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 1992 AND 1991
(In thousands, except per share data)
(UNAUDITED)

	1992	1991
NET SALES	$175,566	$205,391
COST OF SALES	165,630	193,373
GROSS PROFIT	9,936	12,018
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	7,976	8,253
INCOME FROM OPERATIONS	1,960	3,765
INTEREST EXPENSE	(2,504)	(2,478)
OTHER - NET (PRINCIPALLY INTEREST INCOME)	40	146
INCOME (LOSS) BEFORE ESOP CONTRIBUTION AND INCOME TAXES	(504)	1,433
ESOP CONTRIBUTION:		
CONTRIBUTION TO ESOP	8,288	6,660
INTEREST INCOME FROM ESOP	(147)	(660)
NET ESOP CONTRIBUTION	8,141	6,000
LOSS BEFORE INCOME TAXES	(8,645)	(4,567)
INCOME TAX BENEFIT		(1,300)
NET LOSS	($8,645)	($3,267)
LOSS PER SHARE OF COMMON STOCK (NOTE 6)	($0.60)	($0.23)
CASH DIVIDEND PER SHARE OF COMMON STOCK (NOTE 7)	--	--

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 1992 AND 1991
(In thousands)
(UNAUDITED)

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET LOSS	($8,645)	($3,267)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH		
(USED FOR) OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	2,960	3,134
DECREASE IN DEFERRED INCOME TAXES	--	(1,300)
CHANGE IN ASSETS AND LIABILITIES NET OF EFFECTS		
OF BUSINESSES ACQUIRED:		
RECEIVABLES	(12,421)	(30,757)
INVENTORIES	1,591	(889)
PREPAID EXPENSES	553	1,883
ACCOUNTS PAYABLE	363	1,963
ACCRUED EMPLOYEE COMPENSATION	1,010	(380)
OTHER - NET	3,247	3,849
NET CASH (USED FOR) OPERATIONS	(11,342)	(25,764)
CASH FLOWS FROM INVESTING ACTIVITIES:		
CAPITAL EXPENDITURES	(417)	(2,096)
REPAYMENT OF NOTE RECEIVABLE	1,125	1,125
PAYMENTS FOR BUSINESSES ACQUIRED	--	(2,498)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	708	(3,469)
CASH FLOWS FROM FINANCING ACTIVITIES:		
NET BORROWINGS FROM REVOLVING CREDIT AGREEMENTS	7,148	23,195
PAYMENT OF LONG-TERM DEBT	(1,007)	(6,452)
REPAYMENT OF ESOP NOTE RECEIVABLE	8,141	6,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	14,282	22,743
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,648	(6,490)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,609	9,974
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$11,257	$3,484
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
CASH PAID DURING THE PERIOD FOR INTEREST	$2,119	$1,301
NONCASH INVESTING AND FINANCING ACTIVITIES:		
IN CONNECTION WITH BUSINESS ACQUISITIONS, LIABILITIES WERE ASSUMED AS FOLLOWS:		
FAIR VALUE OF ASSETS ACQUIRED		$1,495
EXCESS OF PURCHASE PRICE OVER FAIR VALUE OF ASSETS		1,698
TOTAL		3,193
CASH PAID FOR NET ASSETS		(2,498)
LIABILITIES ASSUMED		$695

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 1992
(In Thousands)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	NOTE RECEIVABLE FROM ESOP	TREASURY STOCK	TOTAL STOCKHOLDERS' EQUITY
BALANCE, DECEMBER 31, 1991	$15,906	$373,849	($243,616)	($8,141)	($11,856)	$126,142
NET (LOSS)			(8,645)			(8,645)
REPAYMENT OF NOTE RECEIVABLE FROM ESOP				8,141		8,141
OTHER	21	62				83
BALANCE, MARCH 31, 1992 (Unaudited)	$15,927	$373,911	($252,261)	--	($11,856)	$125,721

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. **BASIS OF PRESENTATION**

The accompanying unaudited consolidated financial statements include the accounts of the Company and its subsidiaries. In the opinion of the management of the Company, all adjustments (such adjustments consisting only of a normal recurring nature) necessary for a fair presentation of the operating results for the interim periods presented have been included in the interim financial statements. These interim financial statements should be read in conjunction with the December 31, 1991 audited financial statements and related notes filed on Form 10-K at December 31, 1991.

The financial statements required by Rule 10-01 of Regulation S-X have been reviewed by independent public accountants as stated in their report included herein.

2. **RECEIVABLES**

The following information presents the elements of receivables at March 31, 1992 and December 31, 1991 (in thousands):

	1992 (Unaudited)	1991
Long-term contracts:		
U.S. Government:		
Amounts billed	$ 9,153	$ 4,772
Unbilled costs and estimated profits on contracts in progress	135,218	124,387
Total	144,371	129,159
Commercial:		
Amounts billed	16,072	18,063
Unbilled costs and estimated profits on contracts in progress	18,410	19,343
Total from long-term contracts	178,853	166,565
Trade and other current receivables	5,247	5,114
Total	$184,100	$171,679

Unbilled costs and estimated profits on contracts in progress were not billable to customers at the balance sheet dates under terms of the respective contracts. Portions of claims and other amounts subject to future negotiations of approximately $91 million are included in billed and unbilled receivables at March 31, 1992 and December 31, 1991 (see Note 3 of the Company's 1991 Annual Report on Form 10-K for the year ended December 31, 1991).

3. **NOTES PAYABLE TO BANKS**

The operating loss incurred during 1991 caused the Company to be in non-compliance with substantially all of the financial covenants relating to both of its Revolving Credit Agreements at December 31, 1991 and March 31, 1992. Effective April 16, 1992, the Company restructured its indebtedness and amended both Credit Agreements. Both Credit Agreements expire on November 30, 1993.

The terms of the amended revolving credit agreement with various financial institutions establish an available line of credit of $71 million (compared to $70 million at December 31, 1991), of which $16.5 million may be used for letters of credit. This credit agreement requires reductions in the available commitment of $3 million on July 31, 1992 and $5 million each on December 31,

1992, April 30, 1993 and June 30, 1993. The terms of the amended revolving bank credit agreement establish an available line of credit of $14 million (compared to $20 million at December 31, 1991). This credit agreement requires reductions in the available commitment of $602,000 on July 31, 1992 and $1,004,000 each on December 31, 1992, April 30, 1993 and June 30, 1993. In addition, the restructured credit facilities provide that, to the extent that the Company receives net unrestricted recoveries from the U.S. Navy with respect to any of its Requests for Equitable Adjustments (REAs) (see Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations) the amounts recovered will be used permanently to reduce the amounts committed under the credit facilities. Finally, the restructured agreements provide that to the extent the Company realizes proceeds from certain other transactions or any excess cash flow (as defined), it will also be used to permanently reduce the amounts committed under the credit facilities. At March 31, 1992, the Company was fully drawn on both its revolving credit agreement and revolving bank agreement.

As amended the $71 million credit agreement provides for interest at a fluctuating annual rate equal to prime, as defined, plus 1.5%. The interest rate prior to the amendment was 7% at March 31, 1992 and December 31, 1991. A commitment fee of .5% per annum is payable on the unused credit line. As amended, the $14 million credit agreement provides for interest at the greater of the Bank's prime rate plus 1% or the interest rate provided by the amended $71 million credit agreement.

The amended credit agreements, which were previously unsecured, are now secured by substantially all of the Company's previously unencumbered assets and, among other things, (1) require the Company to meet certain financial covenants (relating to net worth, working capital, debt coverage and the net increase (decrease) in cash and cash equivalents), (2) limit the level of annual capital expenditures, (3) generally prohibit the payment of dividends, (4) require compliance with all terms and conditions of the Memorandum of Agreement with the U.S. Navy (See Note 2 of the Company's 1991 Annual Report on Form 10-K for the year ended December 31, 1991), and (5) require the Company to comply with all terms and conditions of all other debt agreements.

4. **LONG-TERM DEBT**

At December 31, 1991 and March 31, 1992 the Company was in non-compliance with certain financial covenants required by the terms of financing of senior notes issued by a wholly-owned subsidiary and guaranteed by the Company. Effective April 16, 1992 the holders of the senior notes waived the non-compliance and amended the related note agreements. The amended agreements require repayments of $1,250,000 on December 31, 1993, $2,000,000 each on May 1, 1994 and 1995, and $2,250,000 on May 1, 1996. The senior notes will continue to bear interest at the originally established rate of 10.79% except for the annual period ending April 30, 1993 when the rate will be 11.29%. The amended agreements require the Company to comply with certain financial covenants related to working capital, tangible net worth and funded debt. The amended agreements also contain restrictions and limitations similar to the amended Revolving Credit Agreements discussed in Note 3 above.

5. **COMMITMENTS AND CONTINGENT LIABILITIES**

Litigation

In January 1986, the Louisiana Department of Environmental Quality advised the Company that it may be a responsible party with respect to an oil reclamation site operated by an unaffiliated company. The Company supplied a portion of the waste oil that was processed at the reclamation site during the period 1978 through 1982. Liability, if any, for clean-up of this site typically would be apportioned among the responsible parties based on the volume of material sent by each to the waste site. The cost of a site clean-up or the portion of such cost, if any, for which the Company would be responsible has not been

determined. The Company has initiated litigation against its insurer for a declaration of coverage of the liability, if any, that may result from this matter. Since July 1986, 14 "toxic tort" suits have been filed seeking substantial damages against the Company and numerous other defendants alleging various claims in connection with the oil reclamation site discussed in this paragraph.

In addition to the above, the Company is also named as a defendant in numerous other lawsuits and proceedings arising in the ordinary course of business, some of which involve substantial damage claims. While the outcome of these other lawsuits and proceedings against the Company cannot be predicted with certainty, management does not expect these matters to have a material adverse effect on the financial condition of the Company.

The Company has established accruals for certain of the litigation discussed above, and in the opinion of management, after review with counsel, the eventual disposition of these matters will not have a material adverse effect on its financial condition.

Ogden

Under the terms of certain agreements between Ogden and the Company, the Company may be required to issue preferred stock to Ogden upon the occurrence of specified events, such as judgments or settlements in certain significant litigation or tax matters against the Company or Ogden. The Company may be required to issue approximately $50 million of preferred stock related to these agreements. The Company is not required to issue preferred stock to Ogden if it satisfies any such obligation without seeking reimbursement from Ogden or reimburses Ogden for any payment made by it. Additionally, should Ogden pay any amounts on behalf of the Company in its capacity as guarantor of the Company's industrial revenue bonds (see Note 6 of the Company's 1991 Annual Report on Form 10-K for the year ended December 31, 1991), the Company may be required to issue additional shares of preferred stock to Ogden equal to the amount of such payments. One of the agreements discussed above, the Preferred Stock Purchase Agreement, expires on September 30, 1993.

Letters of Credit

In the normal course of its business activities, the Company is required to provide letters of credit to secure the payment of workers' compensation obligations. Additionally, under certain contracts the Company may be required to provide letters of credit which may be drawn down in the event of the Company's failure to perform under the contracts. Outstanding letters of credit relating to these business activities amounted to $11.5 million at March 31, 1992 and $21.5 million at December 31, 1991.

6. **LOSS PER SHARE**

The weighted average number of shares used in the computation of loss per share was 14,457,000 and 14,420,000 for the quarters ended March 31, 1992 and 1991, respectively. There are no factors that result in dilution in the periods presented.

7. **STOCKHOLDERS' EQUITY**

In February 1991, the Company announced a suspension of its quarterly cash dividend.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Company's unaudited consolidated financial statements for the periods ended March 31, 1992 and 1991 and the Management's Discussion and Analysis of Financial Condition and Results of Operations included under Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

Results of Operations

Net sales of $175.6 million were recorded for the quarter ended March 31, 1992, a decrease of approximately $29.8 million, or 14.5%, from the $205.4 million in net sales recorded for the first quarter of 1991. The decline in net sales reflects the winding up in 1991 and the early part of the first quarter of 1992 of the contracts to construct two T-AOs (which had been transferred from another shipyard), five Landing Ship Docks (LSDs), and a floating detention facility constructed for the City of New York. In the aggregate, net sales recorded for these three contracts during the first quarter of 1992 was $30.3 million less than net sales recorded for these same contracts in 1991.

In addition, net sales recorded with respect to the contract to construct five Jumbo AOs declined by $9.8 million, reflecting the delivery of three of the vessels in April, September and December of 1991; net sales recorded on the contract to construct seven T-AO Oilers declined by $13.1 million, principally reflecting a higher level of material acquisition costs (which are included in net sales) during the first quarter of 1991; and net sales on the contracts to construct thirteen LCACs declined by $4.3 million, reflecting the completion and delivery of vessels in 1991 which were not replaced by subsequent contract awards. Net sales on miscellaneous other contracts declined by $3.7 million.

Partially offsetting net sales declines on the foregoing contracts were increases of net sales of $11.9 million on the LSD-CV contract, $7.4 million on the T-AGS contract and $12.1 million on the MHC contracts, in each case reflecting increased levels of activity on these contracts during the first quarter of 1992 as compared to the first quarter of 1991.

Gross profit for the first quarter of 1992 declined by approximately $2.1 million, or 17.5%, to $9.9 million from $12.0 million recorded for the first quarter of 1991. As reported in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, the Company incurred substantial charges in 1991 related to cost overruns it expects on its contracts to construct the three LSD-CVs and the seven T-AOs. Pending any relief from the U.S. Navy on certain Requests for Equitable Adjustment (REAs) that the Company has filed and intends to file with respect to such contracts, the Company is not expected to earn a profit on either of these contracts, which are two of the most significant contracts of the Company. Thus, any gross profits earned by the Company for the foreseeable future will be limited to other shipbuilding contracts and operations of the Company and should continue to be at minimal levels unless and until a satisfactory resolution can be achieved with respect to the REAs or the Company successfully secures additional profitable backlog.

Interest expense for the first quarter of 1992 increased by only $26,000 over interest expense for the comparable 1991 quarter, while interest income declined by $106,000. The decline in interest income reflects an overall reduction in the level of investments as the Company used its available liquid assets to fund its liquidity needs during the first quarter of 1992. Interest expense is expected to increase during 1992 over 1991 levels as a result of the debt restructuring described below.

The Company's net ESOP contribution for the first quarter of 1992 was $8.1 million, an increase of $2.1 million over the contribution made during the first quarter of 1991. With the 1992 contribution the Company's ESOP retired the remaining balance of the ESOP Note to the Company, and, accordingly, the Company's net ESOP contribution is expected to cease for the foreseeable future. Although the Company does not expect to make any net ESOP contributions for the foreseeable future, the Company does expect to accrue expense in 1992 and in future years related to the maintenance of the Company's pension plans. The pension plan expense and related cash obligations did not exist prior to 1991.

Liquidity and Capital Resources

As reported in the Company's Annual Report on Form 10-K, the Company successfully restructured its two revolving credit facilities in the aggregate amount of $85 million and its senior notes in the aggregate principal amount of $7.5 million. As part of the debt restructuring, the Company has secured the revolving credit facilities and the senior notes with substantially all of its previously unencumbered assets. In addition, Avondale was able to obtain interim relief from the U.S. Navy in the form of the release of previously earned retentions and the reduction in the level of other retentions. Additional information on the terms and conditions of the debt restructuring and the U.S. Navy assistance is set forth in the 1991 10-K and Notes 3 and 4 herein of the Notes to the Consolidated Financial Statements. In management's opinion, these measures should permit the Company to meet its operational and other cash obligations through at least the first quarter of 1993.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults Upon Senior Securities

As discussed in Note 3 herein of the Notes to the Consolidated Financial Statements, at December 31, 1991 the Company was in non-compliance with certain financial covenants required by the terms of the financing of senior notes issued by a wholly-owned subsidiary and guaranteed by the Company. Effective April 16, 1992 the holders of the senior notes waived the non-compliance and amended the related note agreements.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) Letter re: unaudited interim financial information.

(b) Reports on Form 8-K:

Not applicable.

Deloitte & Touche

Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone (504) 581-2727
Facsimile (504) 561-7293

May 14, 1992

Avondale Industries, Inc.
Post Office Box 50280
New Orleans, Louisiana 70150

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of Avondale Industries, Inc. and subsidiaries for the periods ended March 31, 1992 and 1991, as indicated in our report dated May 14, 1992; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 1992, is incorporated by reference in Registration Statement No. 33-31984 on Forms S-8 and S-3.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

Deloitte & Touche

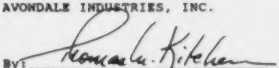
DELOITTE & TOUCHE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVONDALE INDUSTRIES, INC.

Date: May 14, 1992

By: 

Thomas M. Kitchen
Vice President &
Chief Financial Officer